

Milwaukee County Employees' Retirement System (ERS)

Pension Budget, Audit and Compliance Committee Meeting

MINUTES

Call to Order:

Guy Stuller, Chairman, called the Audit Committee Meeting to order at 1:00 pm, on 2-8-10, in the 2nd Floor/Commission Room (210) of the Milwaukee County Courthouse, at 910 North 9th Street, Milwaukee, WI 53233.

Roll Call:

Board Members Present:

Guy Stuller

Others Present:

Gerald Schroeder	Dale Yerkes
Steve Huff	David Arena
Mark Grady	Wayne Morgan
	Darlene Middleman

Two (2) handouts were provided to the Audit Committee members and guests:

- Baker Tilly: 114 Audit Standards Letter
- Discussion Paper: Medical Board-ADR Approval Process

1. Topic: **Benefits Director/ERS Cross Charges-Discussion**

The cross charges documentation was discussed from a tracking perspective. David Arena stated that our assessment was a conservative summary of the Benefits Director's time. Within the Benefits Division, Life & Health has five (5) employees and ERS has 15. David Arena's time spent on retirement system matters is actually higher than the 2010 Pension Budget allocation of 50%.

It was proposed that David Arena may want to do a one-time study of his time allocation. A 30 day trial was suggested to validate the 2010 cross-charges. David Arena indicated that if we open this matter up to scrutiny, other employees' time may have to be considered, with an additional burden placed on the Pension Board Budget. This matter was taken under review by the Benefits Director.

2. Topic: Audit Planning – Baker Tilly

Wayne Morgan provided an overview of the 114 Audit Standards Letter. He indicated that they would be briefing the Audit committee, prior to any preliminary information being disseminated. He articulated Baker Tilly's responsibilities and method of communication. An offer was made to meet with the committee chair or management, in case of a need to refocus some of their auditing efforts.

The Annual Audit looks at materiality and reasonableness. It is not an absolute. They deal with statistical samples, key processes and financial comparisons. The audit does not test internal controls. They focus on benefit payments and risk factors.

The auditors will meet with the Audit Committee in May and the Pension Board in June.

3. Topic: Possible ERS Rule Amendments

No discussion took place on this agenda item. The Board at the January 2010 meeting approved the 1013 Amendment. At the same meeting, ERS handed out 2009 Demographic Retiree Charts that identified the volume of members selecting Options 1-7.

4. Topic: Accidental Disability Approval: Medical Board

ERS reviewed the current practice relating to the Medical Board approvals of ADR's. Past practice was discussed, as it relates to "any job" consideration and Medical Board approvals. ERS practice with respect to administration of the "any job" standard for accidental disability pensions has not been well-documented. Practices are in place for compliance with the ordinance, but have not been expressly adopted by the Pension Board.

Corporation Counsel will draft some possible language for new rules to incorporate past practice, for future review and discussion by the Committee. Once the Audit Committee takes a firm position on this topic, it will be presented to the Board as a Rule change.

5. Topic: Adjournment: The Audit Committee adjourned at 3:15 pm.

A handwritten signature in black ink, appearing to be 'GJS', written over a horizontal line.

Submitted by
Gerald J. Schroeder
ERS Manager